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Report Highlights:

Ghana is a net importer of wheat (280,000 MT) and rice (415,000 MT). The U.S. has about a 40% share of the market for wheat. Canada is a major competitor in the wheat market and holds about equal share. U.S. rice is considered a premium product and has maintained one third of the market share over the last few years despite the relatively high price. The Ghanaian government has plans to stimulate rice production to reduce imports. It is unlikely imports will decline dramatically in the near future. Corn production is close to one MMT. AgOffice is unaware of any corn being imported recently despite the relatively high domestic price. The current duty for wheat is twenty percent while the duty for wheat flour (soft) for further manufacturing (biscuits) is ten percent. According to the industry, in MY 20003/04, wheat flour imports from the EU totaled 65,000 MT.

Includes PSD Changes: No
Includes Trade Matrix: No
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Executive Summary

US wheat exports to Ghana account for about 40 percent of the total market share. AgOffice forecasts US wheat exports to Ghana in MY2004/2005 at 115,000 MT the same level as MY2003/2004. Wheat consumption in Ghana will likely remain stagnant due to the relatively high cost of hard flour. Ghanaians prefer hard flour because it produces high-topped loaf and fluffy bread. The US mainly supplies Dark Northern Spring (DNS) wheat.

Corn accounts for 62% of grain output, rice, 16% and sorghum, 14% and millet, 8%. Corn supply has stabilized around one million metric tons annually for several years.

Post's projection of Ghana's imports of US rice in MY 2004/2005 is 145,000 MT, same as in MY2003/2004. The introduction of the National Health Insurance Levy (NHIL) of 2.5 percent on imported products effective August 1, 2004 is an added cost and may affect rice sales. The GOG is implementing a three-year rice project intended to increase domestic rice production by introducing improved rice varieties, adopting low cost water management practices and improving the quality of locally grown rice in Ghana. However, this will unlikely impact imports in the near future.

The United Nations has declared 2004 as a year of rice to emphasize the increasing relevance of the commodity, which has become a worldwide staple in Africa. As a result of the efforts to promote locally produced rice Ghana has been selected to host next year's International Year of Rice and a sub regional workshop on rice. In addition, Ghana will also play host to the International Festival on Rice.

Exchange Rate: US \$1 = 9,000 cedis

WHEAT

Ghana Wheat							
		2002		2003		2004	UOM
	Old	New	Old	New	Old	New	
Market Year Begin		07/2002		07/2003		07/2004	(MONTH/YEAR)
Area Harvested	0	0	0	0	0	0	(1000 Hectares)
Beginning Stocks	0	0	0	0	0	10	(1000 MT)
Production	0	0	0	0	0	0	(1000 MT)
TOTAL Mkt. Yr. Imports	0	270	0	280	0	280	(1000 MT)
Jul-Jun Imports	0	270	0	280	0	280	(1000 MT)
Jul-Jun Import U.S.	0	110	0	115	0	115	(1000 MT)
TOTAL SUPPLY	0	270	0	280	0	290	(1000 MT)
TOTAL Mkt. Yr. Exports	0	0	0	0	0	0	(1000 MT)
Jul-Jun Exports	0	0	0	0	0	0	(1000 MT)
Feed Dom. Consumption	0	0	0	0	0	0	(1000 MT)
TOTAL Dom. Consumption	0	270	0	270	0	270	(1000 MT)
Ending Stocks	0	0	0	10	0	20	(1000 MT)
TOTAL DISTRIBUTION	0	270	0	280	0	290	(1000 MT)

Production

Ghana imports all its wheat needs since wheat is not produced locally. The major suppliers are the US, Canada and the European Union (EU). The US has about a 40 percent share of the market. The three major wheat-milling companies in Ghana have a total installed capacity of 1,600 tons per day (24 hour). According to industry sources, millers are unable to operate at full capacity because wheat consumption has remained the same for several years. As such the millers operate at 80 percent installed capacity.

Consumption

According to official GOG sources, the estimated per capita consumption of wheat in Ghana is 13.4 kg. With a total population of 20 million, Ghana's wheat consumption is estimated to be approximately 270,000 MT. Thus at a 75% conversion rate, Ghana consumes approximately 200,000 MT of flour on yearly basis. Almost 80 percent of wheat flour in Ghana is used in making bread and 20 percent used for cakes and other pastries. The Ghanaian consumer prefers the high quality hard flour that produces the desired high-topped loaf and fluffy bread. In 2004, the average price to date of a 50 kg bag of flour is 233,000 cedis up from 165,000 cedis in 2003. The increase in cost of flour compelled the bakers to reduce the bread size to make it affordable. Thus one kg loaf of bread at 5,000 cedis has been reduced to 750 gm sold at the same price. Bread is mainly eaten at breakfast and as a convenience food/snacks during the day.

There is a growing demand for soft flour by biscuit factories. One of the major millers is also establishing a bakery.

Trade

Post forecasts wheat imports in MY 2004/05 to remain at 280,000 MT same as MY 2003/2004. This is due to the high cost of hard wheat and freight charges coupled with the

stable flour consumption pattern in Ghana. The US exports approximately 115,000 MT of wheat contributing about 40 percent of the total market share. In FY 2004, 48,000 MT of wheat was imported under Title II program and contributes to expanding US wheat trade. About 80% of Ghana's wheat import is of the hard wheat class, the US Dark Northern Spring type (DNS) and its equivalent the Canadian Western Red Spring (CWRS). The 20 percent soft wheat is imported from the EU and Argentina used in baking cakes and pastries. Ghanaians prefer the hard flour that is obtained from hard wheat for making the desired bread. However the hard wheat is more expensive than the soft wheat.

According to the industry, the average price of DNS wheat (hard wheat) in 2004 to date is \$213 per metric ton up from \$180 per metric ton in 2003. The US freight in January 2004 was \$75 per metric ton up from \$35 in the same year. The freight dropped to \$40 in the first week of July 2004. These price fluctuations have affected the industry pricing and sales. The milling industry faces competition from soft flour that is imported by the biscuit factories. Flour imports attract a lower tariff of 10% compared to a 20% tariff plus VAT on bulk wheat imports. Imported flour ends up costing less than flour milled locally. In MY 03/04, according to the industry, biscuit manufacturers imported about 65,000 metric tons of soft flour. One mill is exporting about 250 MT of flour per month to Benin and Togo.

Policy

Wheat imports attract import Duty of 20%, VAT 12.5%, ECOWAS levy 0.5%, EDIF levy 0.5%, Inspection fee 1.0% and GCNET 0.4% of CIF value. In addition, effective August 1, 2004, GOG has included National Health Insurance Levy (NHIL) of 2.5% to be collected by the VAT Secretariat. Direct flour imports for re use by Biscuit factories attract 10% duty and other charges.

Marketing

The wheat flour is packaged into 50 kg, 25 kg, 10 kg, 5 kg and 2 kg bags with brand names labeled on the bags. The millers have varying ways of distributing their flour either (i) by contract where the wheat is milled on order by a trader, wholesaler or baker (ii) by direct sales to traders at factory premises or (iii) through wholesale outlets.

The pricing of flour is determined by the cost of production and type of flour product and thus the three millers do not have a uniform price. To date, in 2004, the price of a 50 kg bag of flour ranged between 228,000 cedis and 238,500 cedis up from 160,000 cedis and 170,000 cedis in 2003. However, imported flour is about 160,000 cedis per 50 kg bag. The high cost of hard wheat affected the cost of flour that some flour millers increased their flour prices three times this year. According to industry sources, although sales fluctuate during the year flour consumption has remained the same over several years. Industry sources indicate that soft flour meant for biscuit factories and transit flour (Burkina Faso) end up in the Ghana local market and has impacted negatively on sales of the millers.

RICE

Ghana Rice, Milled							
	2002		2003		2004		UOM
	Old	New	Old	New	Old	New	
Market Year Begin		01/2002		01/2003		01/2004	(MONTH/YEAR)
Area Harvested	0	125	0	125	0	125	(1000 Hectares)
Beginning Stocks	0	10	0	110	0	105	(1000 MT)
Milled Production	0	135	0	150	0	165	(1000 MT)
Rough Production	0	225	0	250	0	275	(1000 MT)
Milling Rate (.9999)	0	6000	0	6000	0	6000	(1000 MT)
TOTAL Imports	0	325	0	415	0	400	(1000 MT)
Jan-Dec Imports	0	325	0	415	0	400	(1000 MT)
Jan-Dec Import U.S.	0	115	0	145	0	145	(1000 MT)
TOTAL SUPPLY	0	470	0	675	0	670	(1000 MT)
TOTAL Exports	0	0	0	0	0	0	(1000 MT)
Jan-Dec Exports	0	0	0	0	0	0	(1000 MT)
TOTAL Dom. Consumption	0	360	0	570	0	570	(1000 MT)
Ending Stocks	0	110	0	105	0	100	(1000 MT)
TOTAL DISTRIBUTION	0	470	0	675	0	670	(1000 MT)

Production

Post's forecast for Ghana rice production in MY 2004 is 165,000 MT up from 150,000 MT in 2003. MOFA announced the sector's production target of 240,000 MT in MY 2004/2005 that is intended to reduce rice imports by about 30%. As reported in the Ghanaian Times on July 22, 2004, MOFA has received a grant from the U.K. for a three-year rice project to increase and improve the quality of locally grown rice in Ghana. The project activities include introduction of high yielding and disease resistance rice variety the 'Nerica' (New Rice for Africa); adoption of low cost water management practices; rehabilitation of irrigation facilities; introduction of mini mills; installation of more efficient par boiling equipment at the milling sites and extension of credit to rice brokers. In addition, efforts will be made to stimulate demand for locally grown rice. According to MOFA, these efforts will ensure that good quality domestic rice is made available to the Ghanaian consumer.

It is unlikely that MOFA will be able to meet the proposed production target, due to budgetary restrictions. In addition, domestic rice production, with an average yield of 2.3 tons/ha rice, is grown under rain fed conditions in valley bottoms/low lying areas, and employs traditional methods with limited irrigation and mechanization. Post estimates that with the supply of improved seeds and low cost water management practices a 10 percent increase in production in MY 2004/2005 is achievable.

Consumption

The per capita consumption of rice in 2004 is estimated as 30 kg up from 18 kg in 2002. The estimated rice consumption in MY 2003/2004 is 570,000 metric tons. Rice consumption has increased because it has become part of the main meal in every Ghanaian home due to the convenience in its preparation and palatable recipes. Additionally, the increasing number of

fast food vendors in the major cities in Ghana has also increased the demand for rice. Rice has become a major competitor of staple foods in Ghana.

Ghanaians prefer imported rice especially those that reside in the cities due to the high quality. US long grain rice, though one of the highest priced on the market, is preferred by Ghanaians due to its high quality and taste. Information from rice traders and MOFA indicate that only 20 percent of locally grown rice is consumed in the cities due to its low quality and low production, whilst 80 per cent is consumed in the rural areas in Ghana.

Trade

The forecast for Ghana rice imports in MY 2004/2005 is 400,000 MT, nearly unchanged from MY 2003/2004. According to the industry, rice imports may drop due to the added cost to the product with the introduction of the National Health Insurance Levy (NHIL) of 2.5% on all imports. The bulk of rice imports to Ghana are supplied by the US, Thailand, Vietnam, China, Pakistan, India, and Korea. The U.S. is a major exporter of rice to Ghana contributing about 35% of the total market share. Different grades of rice are imported into Ghana ranging from the more expensive fragrant (Thai) rice, US rice, Chinese parboiled rice and to cheaper 70% broken rice. The average price of US rice in MY 2003/2004 was \$410 per ton up from \$250 per ton in 2002/2003. This doubled the price of US rice on the Ghanaian market. According to importers, the delivered price of Asian rice runs close to \$50 per ton below equivalent US product since last year.

A major concern of the industry is the high rate of rice "smuggled" into Ghana. According to industry sources and as reported in the Daily Graphic on April 8, 2004 an estimated 250,000 metric tons of rice at an average cost of \$250 per ton was "smuggled" in Ghana in 2002. The duty on rice imported into Ghana is 20% compared to Cote d'Ivoire, 12.5%, and Togo and Benin, 14%, respectively. Ghana lost about 234 billion cedis of tariff revenue. Information on these undocumented imports over the last two years is not currently available.

Policy

Rice imports attract an import duty of 20%, VAT 12.5%, NHIL 2.5% effective August 1, 2004 to be collected by the VAT Secretariat, ECOWAS levy 0.5%, EDIF levy 0.5%, inspection fee 1.0% and GCNET 0.4% on the CIF value. Brown rice attracts 20% Duty.

Marketing

In Ghana both imported and domestic rice are sold on the same market in the urban centers. The imported rice is more commonly available on the market due to the irregular supply of local rice. The local rice includes the parboiled, white rice and brown rice and have a market niche due to peculiar flavor and perceived nutritional qualities, but are considered low quality substitutes for imported rice. Traders buy rice directly from the importers or from wholesalers and retail on the open market. Imported rice is generally packaged into 50 kg and 25 kg bags. The retailers repackage 34 percent of the rice supplies from wholesalers. US rice is sold under names easily identified by retailers and consumers. The wholesale price of a 50 kg bag US rice ranges between 220,000 cedis to 360,000 cedis depending on the grade, Thailand rice costs 320,000 cedis and Vietnam 226,000 cedis. Industry sources indicate that due to the high quality of US rice sales have been consistent even though it is relatively expensive. In addition, US rice is publicized through effective advertising on television, radio and print media in Ghana.

CORN

Ghana Corn							
		2002		2003		2004	UOM
	Old	New	Old	New	Old	New	
Market Year Begin		04/2002		04/2003		04/2004	(MONTH/YEAR)
Area Harvested	0	700	0	700	0	720	(1000 Hectares)
Beginning Stocks	0	20	0	90	0	0	(1000 MT)
Production	0	980	0	880	0	1000	(1000 MT)
TOTAL Mkt. Yr. Imports	0	0	0	0	0	0	(1000 MT)
Oct-Sep Imports	0	0	0	0	0	0	(1000 MT)
Oct-Sep Import U.S.	0	0	0	0	0	0	(1000 MT)
TOTAL SUPPLY	0	1000	0	970	0	1000	(1000 MT)
TOTAL Mkt. Yr. Exports	0	0	0	0	0	0	(1000 MT)
Oct-Sep Exports	0	0	0	0	0	0	(1000 MT)
Feed Dom. Consumption	0	80	0	80	0	100	(1000 MT)
TOTAL Dom. Consumption	0	910	0	970	0	1000	(1000 MT)
Ending Stocks	0	90	0	0	0	0	(1000 MT)
TOTAL DISTRIBUTION	0	1000	0	970	0	1000	(1000 MT)

Production

Corn is planted in April and harvested in August in Ghana for the major season. Corn production in MY 2004/2005 is forecast at 1,000,000 MT up from 880,000 MT in 2003/2004. This forecasted 10 percent increase is due to adequate and timely rains in the grain growing areas and the GOG commitment to supply improved certified seeds to farmers. Domestic corn production is dependent on fertilizer. The high cost has made it unaffordable for the majority of producers and results in relatively low yields. The cost of a 50 kg bag of fertilizer (NPK 15-15-15) in 2003/2004 is 148,000 cedis up from 128,000 cedis. The rainfall last year was inadequate with a long drought period during the major growing season. Therefore, the supply of corn in 2003/2004 was scarce and expensive on the market.

Consumption

Corn supply in Ghana has stabilized around 1,000,000 MT annually for several years except in 2003 where yields were low due to poor rain during the growing season. Corn is a major source of carbohydrate for the majority of Ghanaians and is the base for several food preparations. Corn is also the main foodstuff for poultry and other livestock feed. Unofficial sources have indicated that the breweries are becoming interested in using corn for malt drinks. There is no reliable data for corn used in animal feed. However it is estimated that 90% of all corn grown in Ghana goes into human consumption whilst the animal feed sector accounts for 10% of all demand for corn with the poultry feed being the largest consumer. Post estimated data obtained from major feed mills in Ghana indicates that about 80,000 MT of corn is used for poultry feed annually.

Trade

The proportion of corn food import into Ghana is negligible less than 1% over the past three years. According to the feed millers, no yellow corn was imported last year. However, due to scarcity of corn and its consequent high price between June and July 2004 poultry feed millers in Ghana may import cheaper yellow corn from the US for the poultry industry. In

the Ghanaian local market the wholesale price of white corn in August 2004 was \$328.89 per ton up from \$213.30 per ton in January 2004.

Marketing

Corn is the most important cereal crop on the domestic market in Ghana. Consumers have a strong preference for dried shelled corn. The producer usually stays outside the marketing chain but sells to traders, mainly women, who come from city markets to collect the produce on farm. The corn is then sold in urban wholesale and retail traditional markets. The wholesale price of a 100 kg bag of corn in August 2004 was 296,000 cedis up from 183,000 cedis in January 2004. In 2003, the wholesale price of a 100 kg bag of corn was between 140,000 cedis and 180,000 cedis. Traders have indicated that unrecorded exports of Ghana corn have been taking place across borders to neighboring Togo, Benin and Burkina Faso.